

Wolverhampton Enterprise and Business Scrutiny
City Council  **Panel**
4 March 2014

Report title	Skills Gap	
Cabinet member with lead responsibility	Councillor Peter Bilson Economic Regeneration and Prosperity	
Wards affected	All	
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Originating service	Skills Development	
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Report to be/has been considered by	N/A	

Recommendation(s) for action or decision:

The Panel is recommended to:

1. Provide comment and feedback about the approach being taken by the Council to improve skills and opportunity within Wolverhampton
2. Provide comment and discussion with regard to identifying future aspirations and partners, with which the Council can work with to improve skills and training within the City.

Recommendations for noting:

The Panel is asked to note:

The skills issues in Wolverhampton and the work being undertaken by the Council to try and improve this.

1.0 Purpose

- 1.1 The Skills Development team have been asked to provide an update on adult skills, highlighting the organisations that are working in Wolverhampton on the skills agenda and the role of the Council in developing and growing a skilled workforce.
- 1.2 The role of the Council is to work in partnership with central government funding bodies and to influence training providers to focus their delivery on Wolverhampton employers and residents.
- 1.3 The recent financial crisis has caused a huge increase in unemployment and in particular youth unemployment. The City currently has the third highest rate of unemployment in England.
- 1.4 It is clearly evident that economic recovery has placed skills frequently in the news and in the public eye. Employers are raising their concerns about education not adequately preparing young people for the world of work. They also frequently complain about poor levels of literacy and numeracy standards.
- 1.5 The reason why skills and skilled work are important is that they create economic prosperity and social justice in the City.

2.0 Background

- 2.1 In November 2010 the Department for Business Innovation and Skills (BIS) published their strategy document Skills for Sustainable Growth. The purpose of the strategy is to return the economy to sustainable growth, extend social inclusion and social mobility and build the Big Society. Underpinning every aspect of this purpose is the improvement of skills. The document sets out the strategy for improving and using skills to realise the government's central objective.
- 2.2 In 2013 BIS also published 'New Challenges, New Chances' this outlines the Government's Further Education and Skills System Reform Plan: Building a World Class Skills System. This sets out what the government will financially support and the programme of work required to take forward the reform of Further Education and skills system for adults aged 19 and over in England.
- 2.3 Black Country Local Enterprise Partnership (BCLEP) aims to create the conditions for enterprise to flourish resulting in greater economic prosperity across the Black Country area.
- 2.4 The BCLEP is focused on creating the right conditions for business growth. By 2033, the LEP aspires to raise the number of local jobs from 429,100 to 545,000 and raise the total employment rate from 65.9% to 80%.

2.5 In order to achieve this vision the BCLEP has identified five priority transformational sectors to drive change with a focus on building on traditional strengths notably manufacturing. They are:

- Advanced Manufacturing (including food and drink)
- Transport Technologies (including aerospace)
- Construction (including building technologies)
- Environmental Technologies
- Business Services

2.6 The LEP has been allocated around £75 million European Social Fund and £75 million European Regional Development Funding for 2015-2020. There is also £20 million European funding for the Youth Employment Initiative, which is being matched by £20 million Big Lottery Funds.

2.7 Local authority staff have developed plans for directing this funding at the needs of employers and the long term unemployed. There is specific funding to meet to the needs of young employed Black Country residents

3.0 Skills Challenges for Wolverhampton

3.1 Employer demand for skills has been rising over recent decades. Employers do not feel that the current education and training system is effectively meeting their needs. Employers expect new recruits to hit the ground running and are frequently frustrated at a lack of literacy and numeracy standards.

3.2 To better prepare young people for the World of Work the Council's Education Business Partnership (EBP) have created a four plus campaign. National research indicates that if young people have at least four interactions with an employer before they leave school they are less likely to become Not in Employment, Education or Training (NEET). EBP are ensuring that pupils in Wolverhampton take part in activities such as work experience, attending careers events and taking part in visits to companies.

3.3 Historically Wolverhampton has had a high percentage of the adult population who have no qualifications. There has been an improvement from 30% in 2007 to 22% in 2012, but the City is 12% points away from closing the gap with England. Improving GCSE results in the City is one way of improving future economic performance. Using ESF funding to target people that have no or low levels of qualifications will also assist in improving performance.

3.4 The number of people with degree level qualifications in 2007 was 18%, in 2012 this has risen to 21% but this figure is 13% points away from closing the gap with England. The neighbouring authority Staffordshire has 27% of people qualified to degree level, 9% points ahead of Wolverhampton. Improving school results should open up the option of higher education or training to a greater number of young people. One approach to improve performance will be increasing the number of Higher Apprenticeships.

- 3.5 Concern about the quality and scope of apprenticeships has been raised by Council staff with the National Apprenticeship Service who have end to end responsibility for apprenticeships. Our observations have highlighted that there is a poor occupational match between the apprenticeships that are being delivered with the needs of local employers. There is a need for a greater number of advanced and higher apprenticeships.
- 3.6 One of the biggest barriers that we face is the lack of data from funding bodies. For instance, the Council is not given information about employers who have apprentices within their workforce.

4.0 Response to Skills Challenges

- 4.1 In Wolverhampton our vision is all about creating new opportunities for local people, local communities and local businesses – and it focuses on the most important goal for our city: prosperity for all. (Wolverhampton City Strategy 2011-2026).
- 4.2 A key role for the Council is influencing providers that deliver education and training in the City. This involves working closely with the City of Wolverhampton College. Also the Council chairs the Wolverhampton Apprenticeship Provider forum, the Wolverhampton Training Provider Group and the Wolverhampton Employability Partnership. These partnerships aim to ensure that all partners and providers are working closely to ensure effective transition, support and clarity of the skills and employment offer available across Wolverhampton. Again, please note the City Council has no direct funding of its own; we aim to shape, influence and drive the skills and employment delivery funded by other government agencies to meet the needs of Wolverhampton.
- 4.3 The complexity of funding and provision has been outlined by Council staff - see attached Annex 1 - Journey to Work Mapping of Funding for Provision. The Council has a key role in shaping and influencing provision to address gaps in provision.
- 4.4 A series of Sector Skills reports have been commissioned by Wolverhampton Skills and Employment Board in response to Wolverhampton's City Strategy. The reports will articulate how the skills levels of Wolverhampton can be improved to help drive business growth, create more local jobs and promote economic growth.
- 4.5 A number of sectors have been identified of particular local economic significance in response to the aims of Wolverhampton's City Strategy 2012-2026. Combined with research from the BCLEP and UK Commission for Employment and Skills (UKCES) the initial reports will focus on:

Phase One Sector Skills Plans

Manufacturing & Engineering

Retail

Food & Hospitality

Phase Two Sector Skills Plans

Creative & Digital Media

Construction

Enterprise

- 4.6 It is increasingly recognised that to achieve real impact, the skills agenda must be employer led rather than Government owned. The 2012 Employer Ownership of Skills funding pilot was a first step in routing funding directly to employers.
- 4.7 The Government has recently announced that it will fund employers, rather than providers for the delivery of apprenticeships. There is some concern that this new system may very well work for larger employers but not suit the needs of smaller organisations.
- 4.8 The employer led Wolverhampton Skills and Employment Board set the strategy for skills in the City.

4.9 The strategy has four key priorities:

Skills for young people

Skills for the workforce

Employer engagement

Skills for the unemployed

Annex 2 has more details on the Skills and Employment Board's actions and targets

5.0 Skills Plans

- 5.1 It is important to gather comprehensive and timely labour market intelligence to support the work of the Skills Development Team. One of the major barriers for the Council and the LEP is the lack of data that is provided by centrally funded skills bodies, this makes it more difficult to be more responsive to local needs.
- 5.2 A summary of the skills plans, that have been completed by the Council's Employer Responsive team is outlined below:

6.0 Advanced Manufacturing sector

- 6.1 The Advanced manufacturing sector is a key sector for both Wolverhampton and the Black Country. For Wolverhampton residents Manufacturing is currently the third largest employment sector behind Retail and Health & Social Care.

6.2 In recent discussions with 40 Wolverhampton companies, 51% stated that they had skills concerns and the following main technical skills issues were identified by local companies –

Maintenance Engineers (29%)
Electrical & Mechanical Engineering (18%)
Tool making (18%)
CNC Programmers (16%)
Welding (15%)
Machine setters (15%)

6.3 The results of the local employer research also highlighted the following concerns:

44% of employers had technical skills concerns
40% either had or expressed an interest in the apprenticeship programme

6.4 Jaguar Land Rover will be recruiting 600-800 semi-skilled staff for their new engine plant; these posts do not require advanced or higher levels of skills. There is concern amongst some local employers that key staff will be recruited by JLR. Because of this, work is underway to increase the talent pool in the advanced manufacturing sector to 'back fill' vacancies in the sector.

6.5 A partnership between the Council, Job Centre Plus and Wolverhampton College has resulted in the creation of an engineering sector training programme to increase the skills base within Wolverhampton. Already fifty two people have been trained to prepare them for the growing number of vacancies in the advanced manufacturing sector.

6.6 £100,000 was secured from the Skills Funding Agency to produce an Enterprise Zone Skills Action Plan to address the rising demand for skills in Advanced Manufacturing as result of JLR moving to the i54 site.

6.7 A successful bid to the Regional Growth Fund has resulted in the creation of the Black Country Skills Factory. The key objectives of the Skills Factory include:

- To address the current skills shortfall in the High Value Manufacturing sector (HVM) in the Black Country for both large and small employers.
- Increase suitably skilled staff to take advantage of the growth opportunities in the HVM sector.
- 'Future proof' the skills base of a workforce faced with high levels of retirement of experienced workers in the next decade.
- Develop a network approach to skills delivery that is 'needs driven' by industrial demand for skills.

7.0 Food and Drink Sector

- 7.1 Within Wolverhampton, there are 550 businesses with 5100 jobs in the accommodation and food services industry. Locally there has been growth in jobs this reflects the national upward trend in employment in this sector.
- 7.2 The sector has always employed a high proportion of part-time workers, enabling businesses to respond to seasonal and customer demand changes. Local research suggests on average the percentage of part-time workers exceeds the national average of 60-70% which exceeds national data of 46% (People 1st)
- 7.3 Recent interviews with 40 Wolverhampton employers highlighted the following skills gaps:
- Elementary occupations, such as bar staff, waiting staff, reception staff, kitchen and catering staff were most likely to exhibit skills gaps (22%)
 - 88 per cent of sector employers reported customer service skills as the most important skill to grow their business over the next 3-5 years.
 - Difficult to recruit skills can be grouped into three areas: job-specific which includes culinary skills for chefs; interpersonal; management and leadership
 - Management and Leadership was reported by 69% of employers as the second most important future skill.
- 7.4 The skills plan highlights that there are no critical skill shortages within this sector.

8.0 Wolverhampton Retail Sector

- 8.1 Wolverhampton City Centre is a key area for retail in the Black Country, with a turnover of around £535 million. The City Centre has around 1.8m sq. ft. of commercial space of which 1m sq. ft. is retail and the remainder leisure, restaurants, pubs, hotels and offices. There are around 700 shops of which around half are independents and there is a long established market that operates four days a week.
- 8.2 Around 30% of the total retail floor space is accounted for by the town's two managed shopping centres, the Wulfrun Centre and the Mander Centre. Wolverhampton city centre has a wide range of stores including Beattie's original flagship department store (now House of Fraser), Marks & Spencer, Bhs, Boots, Next, River Island, Primark, Argos and New Look.
- 8.3 In general terms, the range of comparison multiples is limited whilst convenience provision is better, there is an over provision of charity and betting shops and Wolverhampton city centre has suffered somewhat both from the lack of new development and the growing strength of Birmingham, Merry Hill and recent consolidation of Bentley Bridge retail park.
- 8.4 On the outskirts of the City Centre there are three major retail parks: Bentley Bridge, being the largest, St Johns and Mitre Retail Park. There are also three main

supermarkets which include, Asda, Sainsbury's and Tesco. Morrison's are looking to build a new store on the outskirts of the ring road in the city centre.

8.5 Listed below are the key findings of a skills survey amongst Wolverhampton city centre retailers:

- 20% were interested in more information on apprenticeships and 83% of the large retailers already offered an extensive in house training programme
- All of them followed the national workforce pattern of part time workers mostly female or young people studying
- 35% of all the retailers identified customer service as the main skills demand for the lower skilled and shop floor roles, 40% stated that Customer Service was embedded into their in-house training
- 93% of retailers identified that a high level of numeracy was not an issue as the technology used in store calculated any numerical tasks for the employee. GCSE was not asked for when interviewing candidates for English and Maths.
- 50% of companies identified that communication and inter-personal character skills were the largest gap when recruiting. Age was not a factor as many identified the gap across the age range of clients
- 1 in 5 of the Retailers identified sales/product knowledge was important when recruiting new staff. Many of these companies were specialist shops, galleries/specialist clothing/pet shop
- At higher levels of working only 5% of companies identified the lack of knowledge for leading and managing teams

8.6 The skills plan highlights that there are no critical skill shortages within this sector.

9.0 Creative and Digital sector

9.1 Early research in the Creative and Digital skills sector has identified that within this sub sector there are specific technical skills gaps that need more investigation for example TV technical skills and Broadcast Engineering.

9.2 Within Wolverhampton the qualification offer is concentrated around Film and Game Development. There is work taking place to ascertain if the qualifications are led by the learner rather than the employer

9.3 More research is being undertaken to clearly define the creative cluster within Wolverhampton. As not all sub sectors will be based in the West Midlands region.

10.0 Construction sector

10.1 The Construction sector suffered major decline following the 2008 recession. Local research has identified that the skill profile of the sector has been changing with an increasing percentage of higher level occupations such as project managers, foreman posts. Another key issue is replacement demand as older workers leave the sector.

10.2 The Council are currently working with the Construction Industry Training Board (CITB) on tightening up clauses in Section 106 planning notices in order to increase the number of local residents that gain jobs on local construction projects.

11.0 Enterprise

11.1 An evaluation of Enterprise Skills in the City has identified:

- A need for a City wide Entrepreneurial Education Strategy
- Enterprise provision is variable across schools to support enterprise agenda
- There is very limited local enterprise skills support at local Further Education level. The nearest provision is outside of the City at other Black Country Colleges
- There is a mismatch between increased demand and available funding to support the 24+ age group
- Higher Education provision is good with a range of support for University of Wolverhampton graduates and students.
- A distinct lack of awareness of social enterprise opportunities with local communities.
- The need for opportunities to grow social enterprise to assist with the future sustainability of current at risk community services
- A need for financial skills and business planning skills.
- Skills support required for owner/managers in business management and growth plans with on-going mentoring support

12.0 Wolverhampton Growth Pledge

12.1 The Wolverhampton Growth Pledge is an ambition for growth that sets out five simple actions asking companies to invest in more skills, mentor budding entrepreneurs, offer work placements to young people and the unemployed, build strong links with education and take on apprentices.

12.2 This could include businesses providing on the job training and accredited qualifications, giving advice and support to budding entrepreneurs, developing partnerships with local schools or obtaining grants to offer apprenticeships to 16-18 year olds. HS Marston Aerospace became the first employer to sign the Wolverhampton Growth Pledge and join the campaign to drive forward the ambition for growth in the city.

12.3 The Wolverhampton Growth Pledge is attached at Annex 3.

13.0 Summary

13.1 There are long standing skills challenges that are starting to be addressed. The European Union Strategic Investment Fund (EUSIF) will enable the BCLEP to tackle some of these historical challenges. The economic recovery will create further opportunities to grow and develop the City's people.

14.0 Financial implications

14.1 There are no direct financial implications from this report. [CF/14022014/T]

15.0 Legal implications

15.1 There are no legal implications. [JH/13022014/L]

16.0 Equalities implications

16.1 There are no equalities implications.

17.0 Environmental implications

17.1 There are no environmental implications.

18.0 Schedule of background papers

18.1 There are no background papers but three annexes are attached:

Annex 1: The journey to work diagram is attached to illustrate the complexity of Government funding streams.

Annex 2: Skills and Employment Board priorities.

Annex 3: The Wolverhampton Growth Pledge